



County of Los Angeles CHIEF ADMINISTRATIVE OFFICE

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DAVID E. JANSSEN
Chief Administrative Officer

January 24, 2006

The Honorable Board of Supervisors
County of Los Angeles
383 Kenneth Hahn Hall of Administration
500 West Temple Street
Los Angeles, CA 90012

Dear Supervisors:

**COMMUNITY DEVELOPMENT COMMISSION OF THE CITY OF ROSEMEAD REQUEST
FOR SUBORDINATION OF PASS-THROUGH PAYMENTS TO COUNTY TAXING ENTITIES
ON THE AREA NO. 1 REDEVELOPMENT PROJECT
(FIRST DISTRICT) (3 VOTES)**

RECOMMENDATION OF THE CHIEF ADMINISTRATIVE OFFICER THAT YOUR BOARD:

Approve a Resolution subordinating the County of Los Angeles' right to receive pass-through payments from the Community Development Commission of the City of Rosemead's (Commission's) Area No. 1 Redevelopment Project to Commission's 2006 tax allocation bonds.

PURPOSE/JUSTIFICATION OF RECOMMENDED ACTION

The Community Development Commission of the City of Rosemead's (Commission's) Area No. 1 Redevelopment Project was adopted on July 1, 1988. The Commission is preparing to issue tax allocation bonds for the purpose of financing a portion of redevelopment activities. The subordination is required by law on a timely redevelopment agency request and showing that sufficient funds to pay both debt service and pass-through payments to affected taxing agencies will be available when payments are due.

Implementation of Strategic Plan Goals

This action supports the following County Strategic Plan Goal:

Goal 4: Fiscal Responsibility: Strengthen the County's fiscal capacity.

Board of Supervisors
GLORIA MOLINA
First District

YVONNE B. BURKE
Second District

ZEV YAROSLAVSKY
Third District

DON KNABE
Fourth District

MICHAEL D. ANTONOVICH
Fifth District

FISCAL IMPACT/FINANCING

Health and Safety Code Section 33607.5(e) provides that pass-through payments to taxing entities may be subordinated to a redevelopment agency's payments for debt service. The County may disapprove a request for subordination only if it finds, based on substantial evidence, that the agency will not be able to pay both the debt service payments and the pass-through payments to the affected taxing entities. The Commission's tax increment projections, reviewed by Chief Administrative Office staff, indicate that there will be sufficient coverage to satisfy the debt service on the 2006 tax allocation bonds, and the required pass-through payments to the taxing entities.

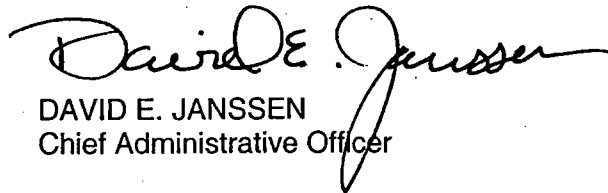
FACTS AND PROVISIONS/LEGAL REQUIREMENTS

Section 33607.5(e)(3) provides: "If the affected taxing entity does not act within 45 days after receipt of the agency's request, the request to subordinate shall be deemed approved and shall be final and conclusive." Failure to act within 45 days after receipt of the request (in this case, December 14, 2005) constitutes County approval of the Commission's request to subordinate to the bonds. County Counsel indicates that approving subordination to the bonds by express resolution is preferable to failing to take action within 45 days.

CONCLUSION

At such time as the recommendation is approved by your Board, please return one copy of this letter and Resolution to the Chief Administrative Office, Office of Unincorporated Area Services and Special Projects, and one copy of the letter and Resolution to the Auditor-Controller, Tax Division.

Respectfully submitted,



DAVID E. JANSSEN
Chief Administrative Officer

DEJ:MKZ
RTM:ib

Attachment

c: Auditor-Controller
County Counsel
City Manager, City of Rosemead

**RESOLUTION OF THE BOARD OF SUPERVISORS OF THE COUNTY OF
LOS ANGELES TO SUBORDINATE THE COUNTY TAXING ENTITIES' RIGHT TO
RECEIVE PASS-THROUGH PAYMENTS TO THE REDEVELOPMENT AGENCY OF
THE CITY OF ROSEMEAD PROJECT AREA NO. 1 REDEVELOPMENT PROJECT**

WHEREAS, the City Council of the City of Rosemead on July 1, 1988 adopted a Redevelopment Plan for the Project Area No. 1 Redevelopment Project (the "Area No. 1 Project"); and

WHEREAS, the Community Development Commission of the City of Rosemead (the "Commission") on December 14, 2005 by letter advised its intention to issue a tax allocation bond (the "2006 Bonds") payable from and secured by a pledge of certain Area No. 1 Project tax increment revenues, and requested of the County of Los Angeles (the "County") that any and all payments which the County is entitled to receive pursuant to Health & Safety Code Section 33607.5 ("Section 33607.5") from the Area No. 1 Project be subordinated to the Commission's payments of principal and interest on the 2006 Bonds; and

WHEREAS, the requested subordination does not lessen or eliminate the Commission's obligation to make the required payments to the County under Section 33607.5 and is intended to permit the Commission to obtain a higher credit rating on its bonds and thus lower the Commission's financing costs; and

WHEREAS, Section 33607.5 provides that at the time the redevelopment agency requests an affected taxing entity to subordinate the amount to be paid to it, the agency must provide substantial evidence that sufficient funds will be available to pay both the debt service and the required payments to the taxing entity, that the taxing entity must approve or disapprove the request for subordination within 45 days after the receipt of a letter requesting subordination, and that the taxing entity may disapprove the request only if it finds, based upon substantial evidence, that the agency will not be able to pay the debt payments and the amount required to be paid to the taxing entity under Section 33607.5; and

WHEREAS, the Commission has presented evidence demonstrating its ability to make the required payments to the County after payment of debt service on the Area No. 1 Project 2006 Bonds.

NOW, THEREFORE, BE IT RESOLVED, by the Board of Supervisors of the County of Los Angeles that:

The County hereby agrees that so long as the Area No. 1 Project 2006 Bonds remain outstanding, any and all payments which the County is entitled to receive from the Area No. 1 Project pursuant to Section 33607.5 shall be and shall remain subordinate to the payments pledged from the Area No. 1 Project to pay the principal of and interest on the 2006 Bonds.

Subordinate the County's Right to Receive
Pass-Through Payments to the Community
Development Commission of the
City of Rosemead Area No. 1 Redevelopment Project
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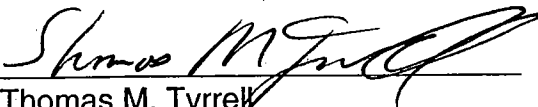
The foregoing resolution was on the ____ day of January 2006, adopted by the Board of Supervisors of the County of Los Angeles and ex officio the governing body of all other special assessment and taxing districts, agencies, and authorities for which the Board so acts.

VIOLET VARONA-LUKENS
Executive Officer-Clerk of the Board of
Supervisors of the County of Los Angeles

By _____
Deputy

APPROVED AS TO FORM

RAYMOND G. FORTNER, JR.
County Counsel

By 
Thomas M. Tyrrell
Principal Deputy County Counsel

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